Collaboration yields medical isotope testing in Idaho

Video

- Press release video (2.6MB .wmv)
- Pocatello Mayor Roger Chase on INL collaboration (584kB .wmv)
- IsoRay Medical CEO Roger Girard on technology partnership (1.5MB .wmv)
- Television coverage (4.6MB .wmv)

Five organizations gathered today to announce the signing of collaboration and partnership agreements for testing production of a breakthrough medical isotope at Idaho's Advanced Test Reactor in 2006.

INL's ATR is a unique resource that offers expanded isotope production capabilities in the U.S. and tests fuels and materials for future reactor design efforts such as Generation IV reactor development.

INL Laboratory Director John Grossenbacher addresses the media concerning INL's collaboration with IsoRay Medical to test a new technology for production of cesium-131. (INL photo)

"The ATR is one of the world's most versatile and best-designed test reactors, which has a long successful history of operation that continues today with attention to safety, maintenance and important upgrades," said INL Laboratory Director John Grossenbacher. "Producing medical isotopes is a key mission for ATR and it is a major contribution by one of Idaho's most valuable assets. Also, public-private technology partnerships like these are extremely important to INL's future as a world-leading research institution."

Hosted by Bannock Development Corporation, Idaho State University, and the City of Pocatello, representatives from IsoRay Medical, Inc. of Richland, Wash., and Idaho National Laboratory joined officials from Idaho Gov. Dirk Kempthorne's office to announce these important public-private partnership agreements.

The development program would enhance IsoRay's production capabilities of its proprietary brachytherapy seeds containing the medical isotope, cesium-131. The company, a subsidiary of IsoRay, Inc. (OTCBB: ISRY) received Food & Drug Administration (FDA) approval to market its cesium-131 seed for the treatment of prostate cancer and other malignant tumors in March 2003. IsoRay Medical is the world's only manufacturer and distributor of brachytherapy seeds containing the cesium-131 isotope.

IsoRay's test will be conducted in INL's Advanced Test Reactor during 2006. Worth about $400,000, the overall program begins immediately and will involve design, analysis and fabrication of a capsule that will contain barium carbonate, which will be irradiated during the test and then shipped to IsoRay for final analysis. Initial funding for the program is divided among the partners with Pocatello Development Authority contributing $200,000, IsoRay $140,000 and INL $60,000.

"Since the first treatment for prostate cancer with our seeds in October 2004, the use of cesium-131 has been embraced by physicians at leading medical centers and clinics across the U.S. as a new prostate cancer treatment option," said IsoRay Chief Executive Officer and Chairman Roger Girard. "The testing in 2006 is a preliminary step to increase production of the cesium-131 isotope in the U.S."

The cesium-131 isotope is currently being used in brachytherapy treatment for prostate cancer, which is the second leading cause of cancer deaths among men in the U.S. Protocols are currently scheduled to begin during the first quarter of 2006 for both the lung and the pancreas. Other forms of delivery devices for the isotope are also being considered, which may create a higher demand for the isotope.

INL's ATR is the most versatile test reactor in the U.S. and is the only U.S. reactor capable of producing the large quantities of the isotope to meet projected demand. In order to support IsoRay's production requirements, evaluations are being conducted to accelerate enhancements that will expand ATR's capabilities related to isotope production. This will also enable ATR to provide services to others in addition to IsoRay. ATR has conducted valuable medical research and produced important industrial isotopes. These efforts have provided isotopes like Cobalt-60 for treatment of inoperable vascular deformities and brain tumors, and Iridium-192 for radiography research, along with other materials.

Idaho Commerce & Labor Director Roger B. Madsen said the announcement is the result of a team effort involving the Bannock Development Corporation, the City of Pocatello, Bannock County Commissioners, Idaho State University and our partners at the Department of Energy and the Idaho National Laboratory."

"I want to congratulate all the partners involved in this important effort to evaluate the feasibility of the Advanced Test Reactor in producing medical isotopes," said Madsen. "This project will create more than good paying jobs with benefits for area citizens. Knowing that our state will have a critical role in cancer research and treatment will be a source of pride and encouragement for all Idahoans, especially those engaged in a battle with cancer."

The Bannock Development Corporation and Pocatello officials are working with State of Idaho officials to encourage IsoRay Medical to relocate to Pocatello, near the ATR. Idaho State University has played an important role in providing access to land at the ISU Research Park near the

Idaho Accelerator Center, an area of high technology development.

Idaho State University President Michael C. Gallagher said, "ISU is excited at the prospects of collaboration with IsoRay Medical, Inc. in the pursuit of research and development activities in Pocatello. Given our substantial educational and research interests in Nuclear Science and Engineering, as well as our state-wide mission in providing Health Professions education, the collaboration between IsoRay Medical and ISU certainly has the potential of adding tremendous value to both organizations."

Discussing the impact for the city, Pocatello Mayor Roger Chase said, "In working with IsoRay and INL we have made it possible for the Pocatello community to make a contribution to America's cancer treatment regimen. We are also increasing the number of well-paying jobs in our community, complimenting Idaho State University's medical mission and continuing Pocatello's tradition of building successful coalitions."

The state of Idaho has experienced considerable success in growing the state's economy. Recent successes include the opening of a Hewlett Packard online technical sales center in Boise, the opening of a Jayco Inc. manufacturing facility in Twin Falls and one of the largest natural cheese packagers in the United States announcing plans to build a $27 million packaging plant in Elmore County.

Bannock Development Corporation, along with the City of Pocatello and Idaho State University, have worked together successfully to attract high technology companies like IsoRay to the Southeastern Idaho area.

Idaho National Laboratory is one of the Department of Energy's 10 multi-program national laboratories. The laboratory performs work in each of the strategic goal areas of DOE - energy, national security, science and environment. Specifically, INL is the nation's leading center of nuclear energy research and development. Day-to-day management and operation of the laboratory is the responsibility of Battelle Energy Alliance.

- INL 05-071

Safe Harbor Statement

Statements in this news release about IsoRay's future expectations, including: the advantages of its cesium-131 seed, its manufacturing needs and capabilities and all other statements in this release, other than historical facts, are forward-looking statements. It is important to note that actual results and ultimate corporate actions could differ materially from those in such forward-looking statements based on such factors as physician acceptance, training and use of IsoRay's products, IsoRay's ability to successfully manufacture, market and sell its products, its ability to manufacture its products in sufficient quantities to meet demand within required delivery time periods while meeting its quality control standards, and IsoRay's ability to enforce its intellectual property rights, and other risks detailed from time to time in IsoRay's reports filed with the SEC.

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